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STATISTICAL BULLETIN

Volume 20, No. 3, March, 1987

—CONTENTS—

Comment	2-3
Status of Leading Economic Indicators	4
Diffusion Indexes	5
Business Executives' Expectations	5
Capital Appropriations	6
Key Determinants of Profit Margins	7
Economic Forecasts	8-9
Selected International Comparisons	10-11
Perspective on The Federal Budget	12
Money Supply and Monetary Policy	13
Help-wanted Advertising Indexes	14
Consumer Confidence and Buying Plans	15
Automobile Sales	16

The Conference Board

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THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

- INDUSTRIAL CONDITIONS STILL IMPROVING
- WITHOUT ANY INVENTORY BUILDUP
- BUT NEW ORDERS FELL SHARPLY
- HOME & CAR SALES ARE OFF
- BUT ELSEWHERE CONSUMER DEMAND IS STILL EXPANDING
- IMPORT GROWTH HAS SLOWED BUT EXPORTS ARE SHARPLY LOWER
- OUTLOOK • 3% GROWTH IN THE FIRST QUARTER, AND MORE OF THE SAME IN THE SECOND & THIRD QUARTERS

OVERVIEW: Economic prospects have brightened a bit over the last few weeks. Two months ago, the consensus was that the economy would be sluggish in the first quarter of 1987, quicken to a more moderate pace in the second quarter and remain at that pace through the second half of the year. Moreover, the dollar, which had been sliding for the past year, dropped sharply in January and fell lower in February. That weakened the dollar volume of exports and helped worsen the trade deficit.

But these forecasts have now been revised upward. Among other factors contributing to this new outlook, the influence of change in sales-tax treatment on buying now seems to have been overstated. In addition, the improvement in industrial conditions has continued through February. As yet, this rise in output has not led to any inventory buildup. And while employment gains remain meager, the rise in hours worked in January and February was impressive. As a result, the **Economic Forecasts** now call for 3% growth in real GNP, annual rate, in the first quarter, compared to a forecast of only 2½% a month ago.

DOMESTIC MARKET MONITOR

Labor market conditions show some improvement. Although the national unemployment rate was 6.7% in February, for the third straight month, the rate for construction workers fell from 12.2% in January to 11.6%, and from 4.8% in January to 4% for utility and communication workers. The end of the steel strike contributed, in part, to a 0.3% rise in manufacturing jobs. Still, the ratio of working adults to all adults was 62.6% in February, compared with 62.2% in the Summer and Fall months.

The workweek in private industry lengthened significantly in the last 2 months, and together with recent job gains, led to a very substantial 2% rise in total hours worked.

Still, labor demand remains very steady, but may pick up a bit. The Conference Board's **Help-wanted Index** was no higher in January than a year ago. But early returns to the February survey indicate that this measure of labor demand may have improved slightly. Nevertheless, the consensus of the **Economic Forecasts** is that the national unemployment rate will remain at its current 6.7% through the fourth quarter of 1987.

INCOME: The sustained pace of consumer buying continues to be mirrored by steady wage gains. Wages in commodity-producing industry were flat until October, when once-a-year adjustments resulted in a 1.1% rise. Since then, wage growth has been flat. Wages in other industries continue to rise by about 0.5% per month.

Nonwage income growth remains subdued. Shopkeepers' income and dividends are growing strongly. But rents have started to decline while interest income continues to fall.

Consumer borrowing has been fairly subdued for months. But it slowed sharply in January and December, for both auto and other types of loans. Moreover, the relatively slow pace of car sales in February suggests that loan demand remained weak.

Consumer attitudes weakened this past Summer and have not changed much since then. The Conference Board's **Consumer Confidence Index** was at the same level in February as in August and September. But expectations about economic conditions six months hence and buying intentions are lower.

SPENDING: The January decline in retail sales wasn't that significant. Nondurable sales were actually 1% higher in January than 3 months earlier. Durable sales, except autos, were 1.6% higher: Sales of furniture and appliances were 1.2% higher, but flat in hardware and building supplies.

Both domestic and foreign car sales were abnormally high in December and unusually low in January and February—due, perhaps, to the loss of sales-tax deductibility. New domestic **Automobile Sales** hit a seasonally-adjusted 9.1 million annual rate in December, slumped to 5.5 million in January and recovered to only 7.2 million. Foreign models dropped from a rate of about 3-4 million to only 2½ million in January and February.

Ken Goldstein, Editor

STATISTICAL BULLETIN (ISSN 0010-5554), published monthly by The Conference Board Inc. 845 Third Avenue, New York, N.Y. 10022. Printed in New York, N.Y. Second-class postage paid at New York, N.Y.

© 1987 The Conference Board, Inc.
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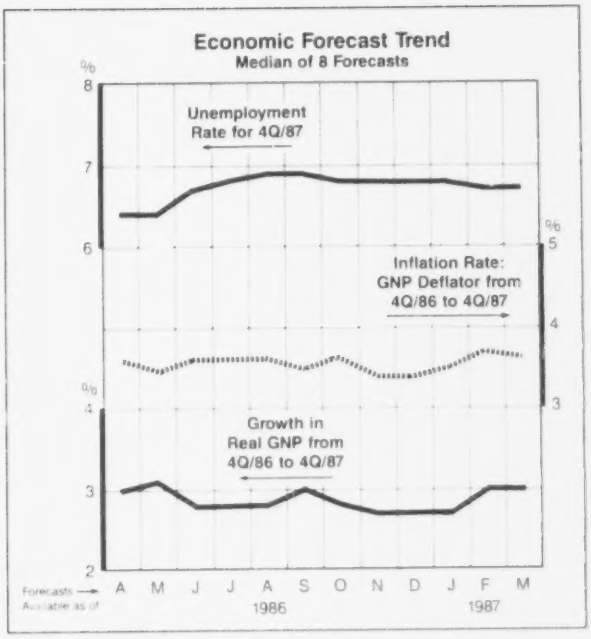


CONSTRUCTION: In January, after declining for 2 months, single-unit home sales rose to their level in September. Single-unit starts rose sharply in December and edged higher in January. Multi-unit starts were 1.5% higher in January than 3 months earlier.

Nonresidential construction is still declining. The value of new construction was 3.5% lower, deflated, in December than 3 months earlier. Activity in industrial, commercial and office construction—including public buildings—is declining.

PRODUCTION: Industrial output rose 0.4% in January, about the pace of the prior 3 months. Output of raw material was 1% higher in January than 3 months earlier. Output of semi-finished goods was 2.4% higher. Defense- and space-related output was 1.1% higher while finished consumer goods rose by 2.5 percent. But business equipment was flat. February's rise in hours worked indicates that industrial production continued to expand.

A steady pick-up in new orders fueled the rise in output. But total new durable orders fell 6.7% in January—absorbing the gains from the prior 3 months. Defense orders actually rose in January, while orders for material and finished products declined. Perhaps new orders suffered the same fate as car sales, for much the same reason.

INVENTORY: Already lean inventory actually became leaner despite rising output. Inventory, except cars at the retail level, was 0.4% lower in December than 3 months earlier. Nondurable inventory and sales were up. Durable inventory dropped while sales rose. The Inventory-to-Sales ratios, then, have declined in recent months.

INFLATION: After recovering for 5 months, commodity prices fell in February. Raw industrial prices fell 2.2% while metal prices declined 1.7 percent. Farm prices, with one exception, are still flat to declining. Calf prices were 13% higher in February than 3 months ago.

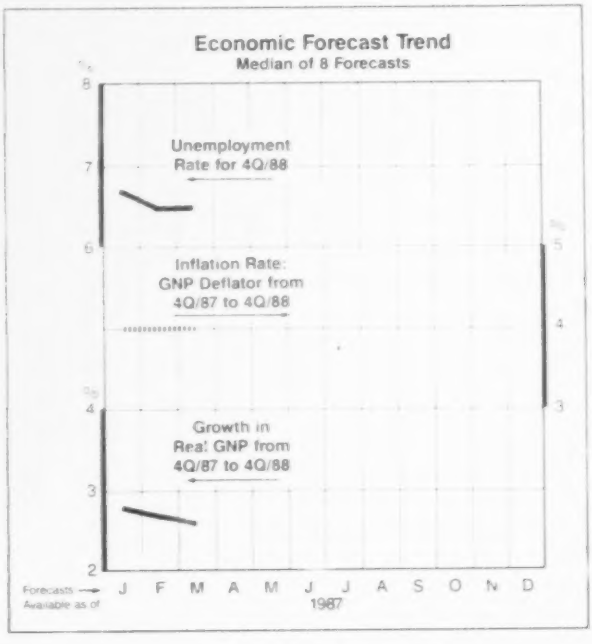
Food prices at the wholesale level fell 3% in February while energy prices rose 7.7 percent. But nonfood, nonenergy prices were 0.4% higher. The CPI for nonfood, nonenergy was 0.5% higher in January. The consensus of the **Economic Forecasts** is for an annualized 4.3% rise in consumer prices in the fourth quarter of 1987.

INTERNATIONAL MONITOR

Following an outsized increase in November, imports declined for 2 months. Imports of manufactured goods were 2.2% lower in January than 3 months earlier. To be sure, aircraft was 16% lower. But transport equipment, except aircraft, was 4.8% lower. And electric and nonelectric machinery imports declined.

The good news on imports is more than offset by steep declines in exports. Total shipments of manufactured goods were 11.5% lower in January than 3 months ago. Exports declined in all categories and destinations, in some cases by a large margin. For example, aircraft shipments fell by 40 percent. The trade-weighted **Exchange Rate** of the dollar against other major currencies fell 4% in January and 1.5% in February. That suggests that the dollar volume, as opposed to physical volume, of exports is declining. But the drop in the dollar volume of exports is worsening the trade deficit and exerting a drag on economic growth.

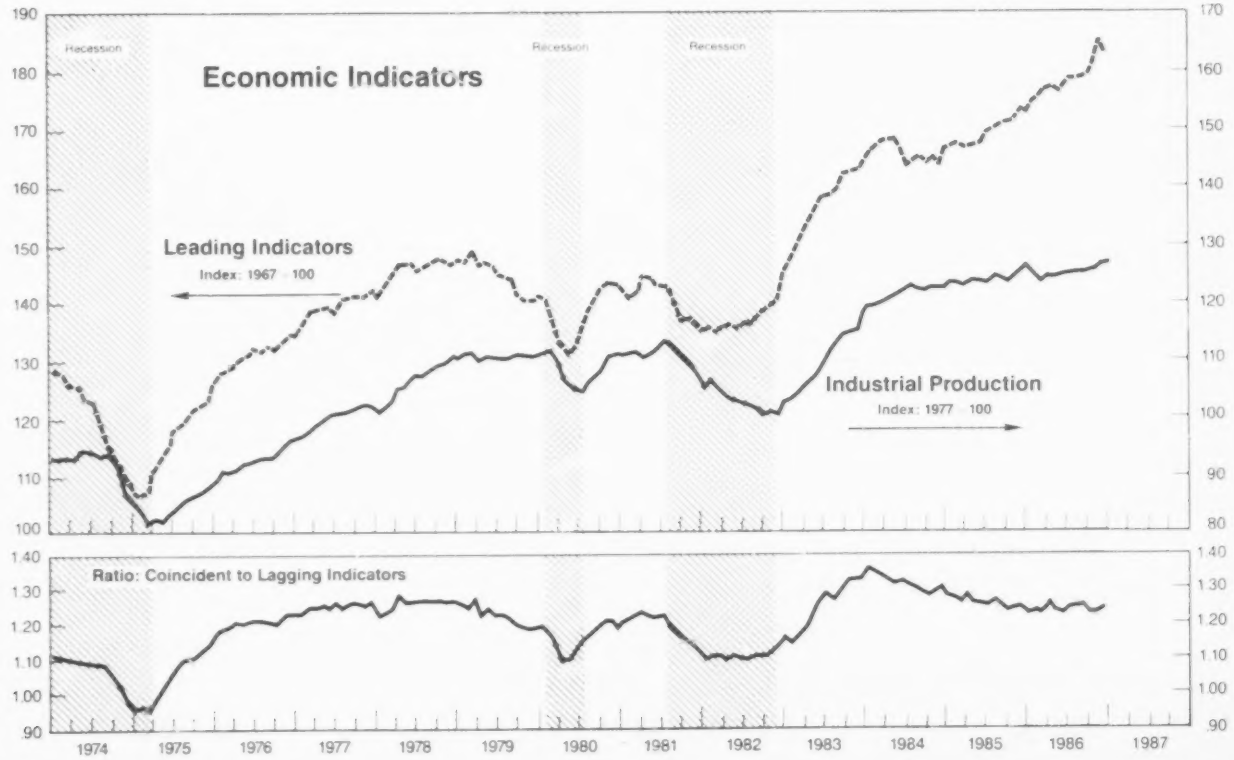
Ken Goldstein
March 11, 1987



STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over Latest Three Months	Change from Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Jan.	X			2.1%	5.9%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Jan.			X	-13.5%	- 1.7%
New orders, nondefense capital goods (deflated)	Jan.			X	-14.3%	- 0.5%
*New business formation	Jan.	X			2.2%	2.5%
*Housing permits	Jan.		X		8.0%	- 9.2%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Jan.		X		- 1.6%	- 3.6%
*Change in inventory, on hand & order (deflated)	Dec.		X		- 0.3%	-15.9%
Purchasing agents' buying policy	Feb.		X		1.0%	4.0%
*Vendor performance, reported slower deliveries	Jan.		X		1.0%	9.0%
Industrial raw materials prices	Feb.	X			1.4%	6.0%
*Change in sensitive material prices	Jan.	X			1.1%	1.4%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Jan.	X			1.1%	7.9%
Change in business loans	Jan.	X			84.6%	64.4%
*Change in credit outstanding	Dec.		X		8.0%	0.6%
Change in consumer installment debt	Dec.			X	-91.4%	-76.5%
Profitability						
Total corporate profits, after tax (deflated)	3rd Q	X			5.1%	- 0.5%
*Common stock prices	Feb.	X			14.9%	28.3%
Marginal Employment Adjustments						
*Average workweek, mfg.	Feb.	X			0.4hr	0.5hr
*Initial unemployment claims (inverted)	Jan.	X			- 4.7%	4.3%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington D.C.: Government Printing Office) June, 1977.
*These twelve series make up the Composite Leading Index charted below.



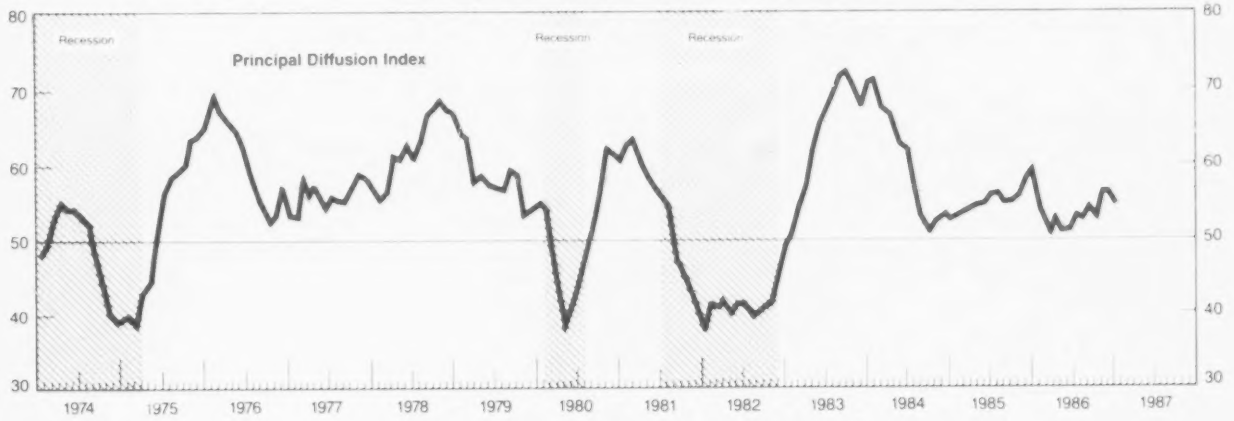
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1986 Jan.	Oct.	Nov.	Dec.	1987 Jan (e)
Principal Diffusion Index	59.0	53.7r	56.6r	56.2r	55.0
Auxillary Diffusion Index	51.3	47.8r	59.3r	48.9r	45.9
Industrial Group	61.2	52.6	59.6r	56.5r	52.4
Nonindustrial Group	56.9	54.6r	53.6r	55.9r	57.6
Sense of Diffusion	1	1	1	1	1
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	70.1	67.9	73.1r	65.4r	60.5
Labor	60.0	51.8	58.3	56.7	53.8
Miscellaneous	50.6	32.7	42.3	42.9	36.5
Nonindustrial Subgroups					
Prices	54.5	61.5	66.7	71.8	76.9
Consumer	67.9	69.7	64.1	64.1	64.5
Building	51.0	34.0r	35.9r	37.8r	35.9
Miscellaneous	51.3	48.7	46.2	49.1	52.1

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1984 Feb.	May	Aug.	Nov.	1985 Feb.	May	Aug.	Nov.	1986 Feb.	May	Nov.
	Score (scale 0-100)										
Measure of Business Confidence	70	65	61	57	61	52	51	55	61	61	50
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	76	75	70	57	62	48	45	53	63	61	44
2. Expectations for Economy, Six Months Ahead	67	60	57	57	61	53	53	56	62	62	52
3. Expectations for Own Industry, Six Months Ahead	67	61	57	58	61	55	54	56	59	60	54

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

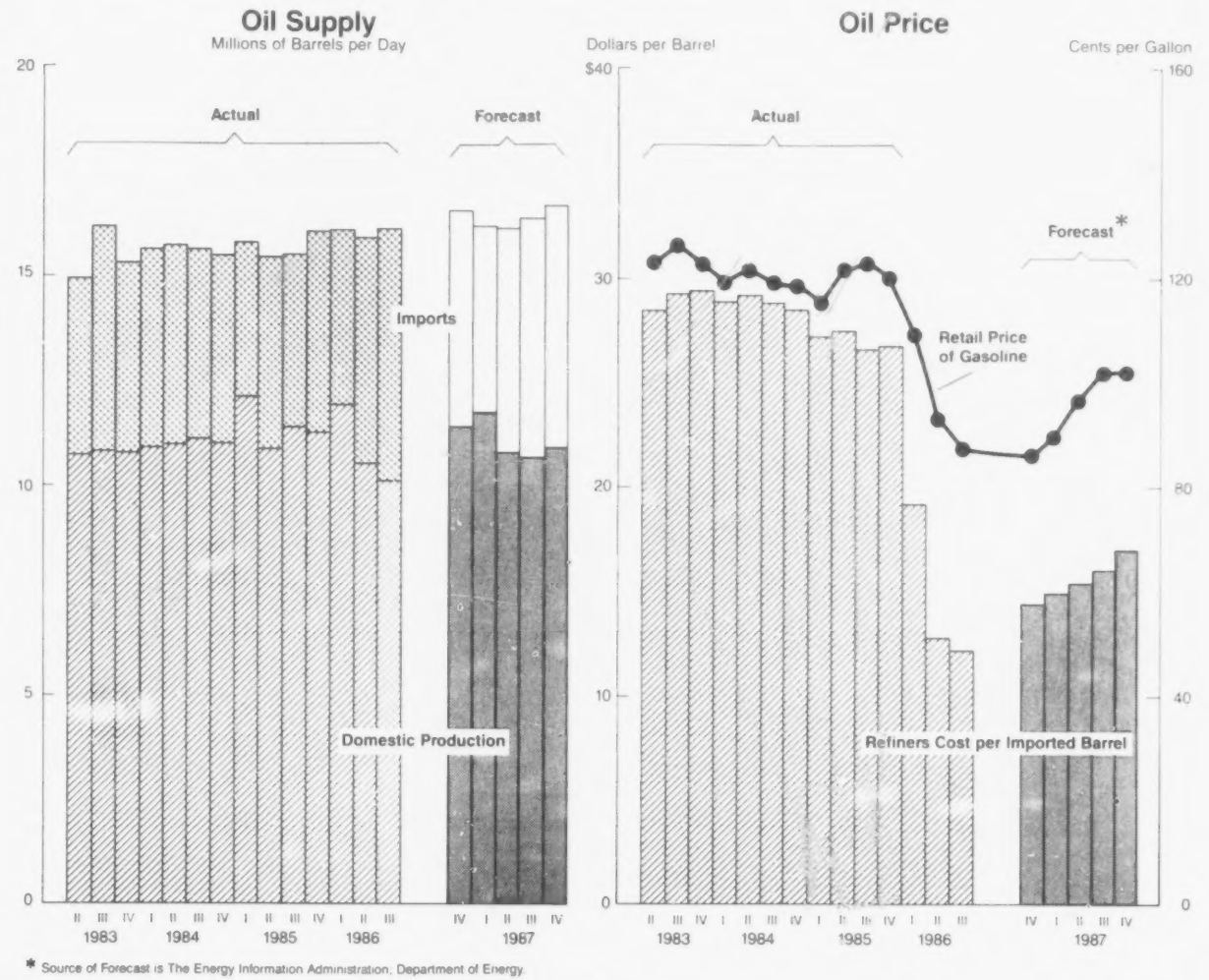
Billions of Dollars, Seasonally Adjusted

	1985				1986			Percent Change From Previous Year	
	I	II	III	IV	I	IIr	IIIp	Actual	Estimate
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	29 938	27 560	24 167	27 190	23 386	19 991	20 208	- 8	- 6
Capital expenditures	23 354	24 911	24 730	26 336	23 566	24 309	22 902	10	- 2
Change in appropriations backlog*	+ 4 984	+ 0 529	-2 702	-2 594	-2 368	-6 447	-4 644		
Durable Goods									
New appropriations	16 737	10 910	12 031	12 005	11 613	9 578	10 322	-13	9
Capital expenditures	11 648	12 814	12 299	12 676	11 479	11 880	12 567	15	5
Change in appropriations backlog*	+ 4 154	+ 2 515	-1 094	-3 063	-1 582	-3 824	-3 450		
Nondurable Goods									
New appropriations	13 201	16 650	12 136	15 185	11 773	10 413	9 886	- 2	-20
Capital expenditures	11 706	12 097	12 431	13 660	12 087	12 429	10 735	6	- 9
Change in appropriations backlog*	+ 0 830	+ 3 044	-1 608	+ 0 469	-0 786	-2 623	-1 194		
ELECTRIC & GAS UTILITIES									
New appropriations	9 370r	15 139r	5 093r	8 692r	9 084	5 094	5 044	+ 3	
Capital expenditures	9 078r	9 366r	9 078r	8 417r	7 425	8 115	7 839	-2 0	
Change in appropriations backlog*	+ 0 363r	+ 4 662r	-4 984r	-0 261r	+ 1 773	-7 325	-0 028		

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

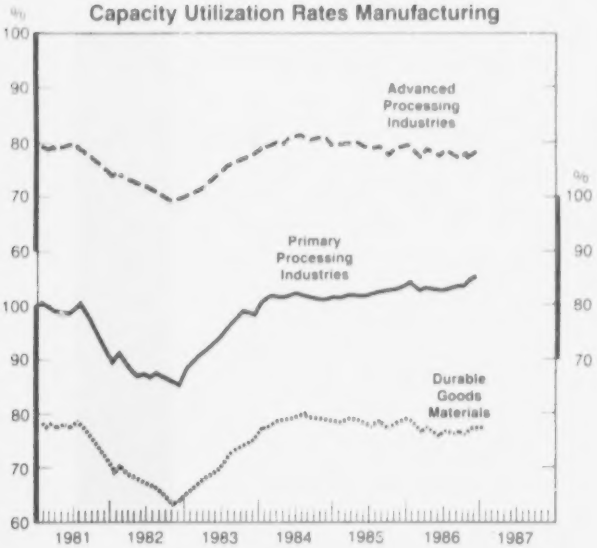
r—revised p—preliminary

* Change in Backlog = New Appropriations – (Expenditures + Cancellations and Other Adjustments)



* Source of Forecast is The Energy Information Administration, Department of Energy.

Key Determinants of Profit Margin



ECONOMIC FORECASTS

			U.C.L.A.[1] Business Forecasting Project		Merrill Lynch[1] Economics Inc.		E.I. duPont[1] de Nemours & Co.		Georgia State University[1]	
Date of Forecast			*Feb., 1987*		*Feb., 1987*		*Feb., 1987*		*Feb., 1987*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1986**	**IV**	**$4260.6**	**1.9%**	**$4260.6**	**1.9%**	**$4260.6**	**1.9%**	**$4260.6**	**1.9%**
	1987	I	4334.1	7.1	4331.4	6.8	4342.0	7.9	4342.5	7.9
		II	4412.3	7.4	4392.1	5.7	4428.8	8.2	4410.1	6.4
		III	4500.2	8.2	4464.8	6.8	4525.3	9.0	4467.6	5.3
		IV	4586.4	7.9	4543.9	7.3	4624.1	9.0	4532.2	5.9
	1988	I	4680.5	8.5	4630.6	7.9	4700.1	6.7	4598.0	5.9
		II	4765.2	7.4	4714.7	7.5	4779.7	6.9	4665.6	6.0
		III	4844.0	6.8	4802.3	7.6	4848.8	5.9	4742.6	6.8
		IV	4920.8	6.5	4893.6	7.8	4918.4	5.9	4811.7	6.0
	1989	I	5002.1	6.8						
	1987	Annual	4458.3	6.0	4433.1	5.4	4480.1	6.5	4438.1	5.5
	1988	Annual	4802.6	7.7	4760.3	7.4	4811.8	7.4	4704.5	6.0
Gross National Product Billions of Constant (1982) Dollars										
Actual	**1986**	**IV**	**$3698.3**	**1.3%**	**$3698.3**	**1.3%**	**$3698.3**	**1.3%**	**$3698.3**	**1.3%**
	1987	I	3732.1	3.7	3721.1	2.5	3727.0	3.1	3727.5	3.2
		II	3771.6	4.3	3738.7	1.9	3766.0	4.3	3753.3	2.8
		III	3816.0	4.8	3762.7	2.6	3806.0	4.3	3770.1	1.8
		IV	3860.6	4.8	3790.9	3.0	3847.0	4.4	3799.0	3.1
	1988	I	3903.8	4.6	3817.2	2.8	3878.0	3.3	3809.4	1.1
		II	3935.5	3.3	3841.5	2.6	3905.0	2.8	3827.4	1.9
		III	3958.6	2.4	3867.0	2.7	3923.0	1.9	3846.4	2.0
		IV	3984.3	2.6	3894.8	2.9	3941.0	1.8	3861.7	1.6
	1989	I	4007.8	2.4						
	1987	Annual	3795.1	3.3	3753.4	2.1	3786.5	3.0	3762.5	2.4
	1988	Annual	3945.6	4.0	3855.1	2.7	3911.8	3.3	3836.2	2.0
Gross National Product deflator Index, 1982 100										
Actual	**1986**	**IV**	**115.2**	**.6%**	**115.2**	**.6%**	**115.2**	**.6%**	**115.2**	**.6%**
	1987	I	116.1	3.3	116.4	4.2	116.5	4.6	116.5	4.6
		II	117.0	3.0	117.5	3.7	117.6	3.8	117.5	3.5
		III	117.9	3.3	118.7	4.1	118.9	4.5	118.5	3.5
		IV	118.8	3.0	119.9	4.1	120.2	4.4	119.3	2.7
	1988	I	119.9	3.7	121.3	4.9	121.2	3.4	120.7	4.8
		II	121.1	4.0	122.7	4.8	122.4	4.0	121.9	4.0
		III	122.4	4.3	124.2	4.8	123.6	4.0	123.3	4.7
		IV	123.5	3.8	125.6	4.8	124.8	3.9	124.6	4.3
	1989	I	124.8	4.3						
	1987	Annual	117.5	2.6	118.1	3.2	118.3	3.4	117.9	3.1
	1988	Annual	121.7	3.6	123.5	4.5	123.0	4.0	122.6	4.0
Unemployment Rate										
Actual	**1986**	**IV**		**6.8%**		**6.8%**		**6.8%**		**6.8%**
	1987	I		6.8		6.7		6.9		6.7
		II		6.7		6.8		6.8		6.6
		III		6.5		6.8		6.8		6.6
		IV		6.3		6.8		6.7		6.5
	1988	I		6.0		6.7		6.8		6.4
		II		5.9		6.7		6.7		6.4
		III		5.8		6.7		6.9		6.4
		IV		5.7		6.7		6.9		6.4
	1989	I		5.7						
	1987	Annual		6.5		6.8		6.8		6.6
	1988	Annual		5.8		6.7		6.8		6.4

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.

[1]Based on revised fourth quarter data.

ECONOMIC FORECASTS (continued)

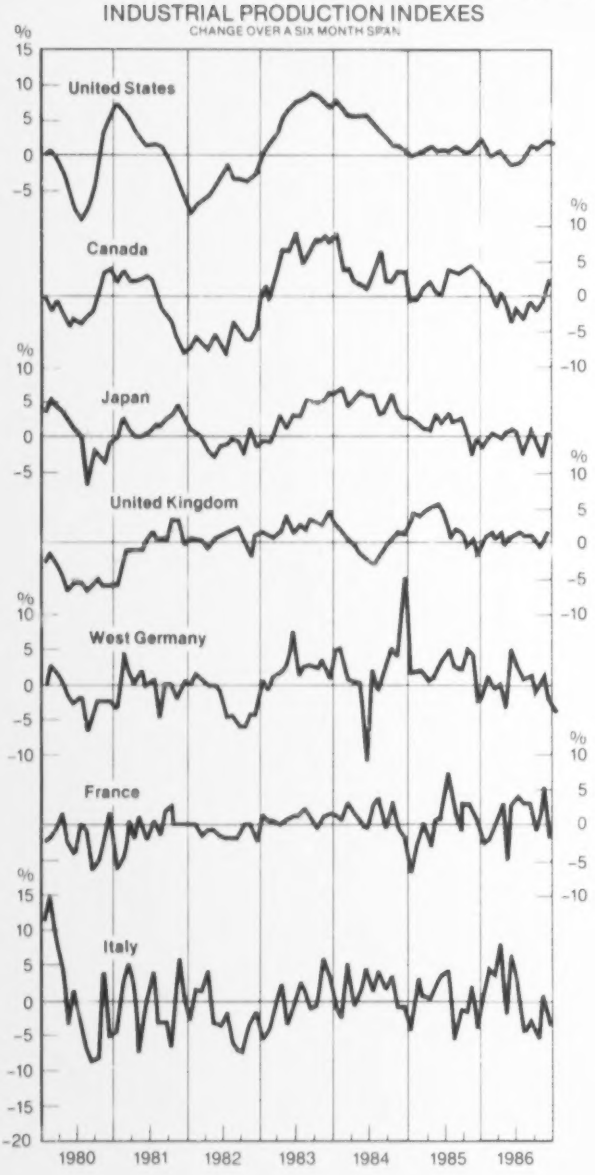
The Conference Board[1]		Chase Econometric[1] Associates, Inc.		Data Resources Inc.[1]		Wharton E.F.A. Inc.[1]				
Feb., 1987		*Feb., 1987*		*Feb., 1987*		*Feb., 1987*		*Date of Forecast*		
Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*			
								Gross National Product Billions of Current Dollars		
$4260.6	**1.9%**	**$4260.6**	**1.9%**	**$4260.6**	**1.9%**	**$4260.6**	**1.9%**	**IV**	**1986**	**Actual**
$4324.0	6.1	4313.4	5.0	4328.3	6.5	4318.3	5.5	I	1987	
4394.0	6.6	4378.2	6.1	4401.0	6.9	4389.9	6.8	II		
4462.0	6.3	4438.3	5.6	4475.6	7.0	4471.0	7.6	III		
4533.0	6.5	4507.2	6.4	4546.9	6.5	4557.5	8.0	IV		
4586.0	4.8	4574.1	6.1	4624.7	7.0	4650.2	8.4	I	1988	
4649.0	5.6	4646.1	6.4	4692.8	6.0	4741.1	8.1	II		
4737.0	7.8	4720.8	6.6	4756.1	5.5	4832.9	8.0	III		
4825.0	7.6	4804.3	7.3	4821.9	5.6	4923.0	7.7	IV		
		4885.4	6.9	4902.8	6.9	5009.1	7.2	I	1989	
4428.3	5.3	4409.3	4.8	4438.0	5.5	4434.2	5.4	Annual	1987	
4699.3	6.1	4686.3	6.3	4723.9	6.4	4786.8	8.0	Annual	1988	
								Gross National Product Billions of Constant (1982) Dollars		
$3698.3	**1.3%**	**$3698.3**	**1.3%**	**$3698.3**	**1.3%**	**$3698.3**	**1.3%**	**IV**	**1986**	**Actual**
3727.6	3.2%	3716.3	2.0	3728.5	3.3	3721.6	2.5	I	1987	
3755.4	3.0	3742.7	2.9	3764.2	3.9	3751.1	3.2	II		
3777.8	2.4	3763.1	2.2	3796.0	3.4	3783.0	3.4	III		
3796.6	2.0	3792.8	3.2	3829.3	3.6	3816.3	3.6	IV		
3806.1	1.0	3817.1	2.6	3859.8	3.2	3853.5	4.0	I	1988	
3823.2	1.8	3840.0	2.4	3880.0	2.1	3885.3	3.3	II		
3854.4	3.3	3868.1	3.0	3895.8	1.6	3915.7	3.2	III		
3882.1	2.9	3896.0	2.9	3918.1	2.3	3942.6	2.8	IV		
		3919.2	2.4	3944.0	2.7	3963.2	2.1	I	1989	
3764.4	2.4	3753.7	2.1	3779.5	2.8	3768.0	2.5	Annual	1987	
3841.5	2.0	3855.3	2.7	3888.4	2.9	3893.3	3.5	Annual	1988	
								Gross National Product deflator Index, 1982 = 100		
115.2	**.6%**	**115.2**	**.6%**	**115.2**	**.6%**	**115.2**	**.6%**	**IV**	**1986**	**Actual**
116.0	2.8	116.1	3.0	116.1	3.1	116.0	2.9	I	1987	
117.0	3.5	117.0	3.2	116.9	2.9	117.0	3.5	II		
118.1	3.8	117.9	3.3	117.9	3.4	118.2	4.0	III		
119.4	4.4	118.8	3.1	118.7	2.9	119.4	4.2	IV		
120.5	3.7	119.8	3.4	119.8	3.7	120.7	4.3	I	1988	
121.6	3.7	121.0	3.9	120.9	3.8	122.0	4.6	II		
122.9	4.3	122.0	3.5	122.1	3.8	123.4	4.7	III		
124.3	4.6	123.3	4.2	123.1	3.3	124.9	4.8	IV		
		124.7	4.4	124.3	4.1	126.4	5.0	I	1989	
117.6	2.8	117.5	2.6	117.4	2.6	117.7	2.8	Annual	1987	
122.3	4.0	121.5	3.5	121.5	3.5	122.7	4.3	Annual	1988	
								Unemployment Rate		
	6.8%		6.8%		6.8%		6.8%	**IV**	**1986**	**Actual**
	6.7%		6.8		6.8		6.7	I	1987	
	6.6		6.8		6.7		6.7	II		
	6.6		6.8		6.6		6.7	III		
	6.7		6.8		6.5		6.6	IV		
	7.0		6.8		6.3		6.5	I	1988	
	7.2		6.8		6.3		6.4	IV		
	7.2		6.8		6.3		6.3	III		
	7.2		6.7		6.3		6.2	IV		
			6.7		6.3		6.2	I	1989	
	6.7		6.8		6.6		6.7	Annual	1987	
	7.2		6.8		6.3		6.3	Annual	1988	

Please Note: In the interest of speeding the data contained in this publication to you, these series are available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters or Ken Goldstein at (212) 759-0900.

SELECTED INTERNATIONAL COMPARISONS

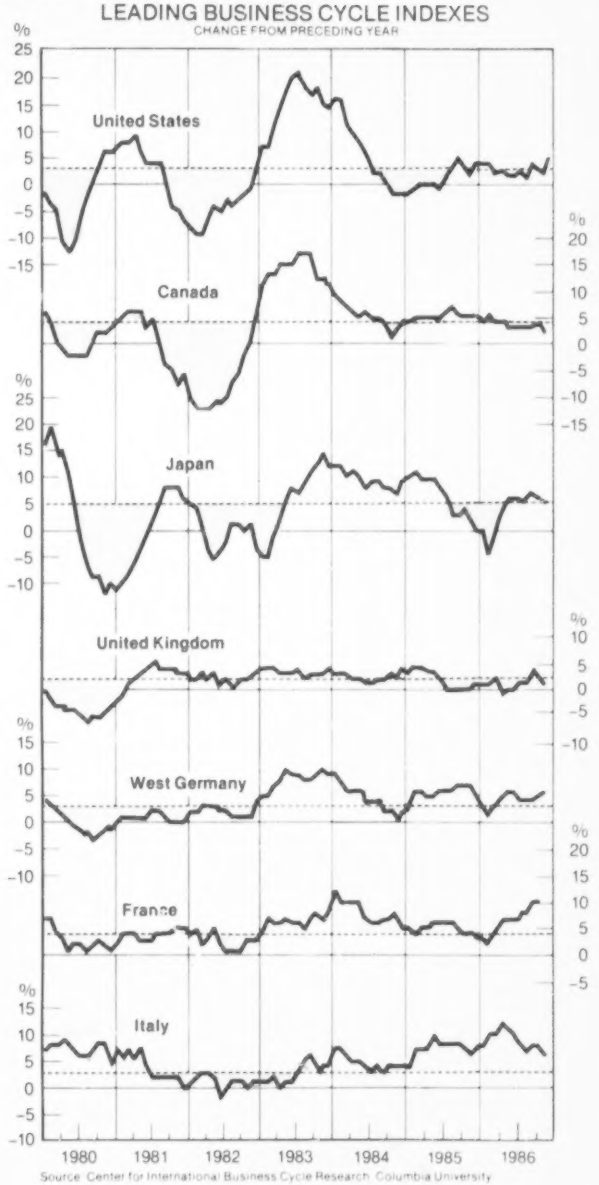
INDUSTRIAL PRODUCTION INDEXES

CHANGE OVER A SIX MONTH SPAN



LEADING BUSINESS CYCLE INDEXES

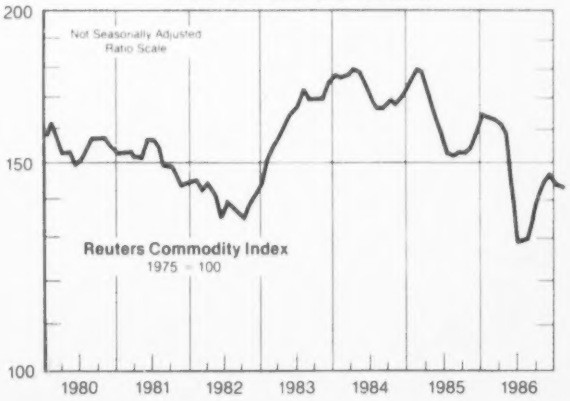
CHANGE FROM PRECEDING YEAR



Source: Center for International Business Cycle Research, Columbia University

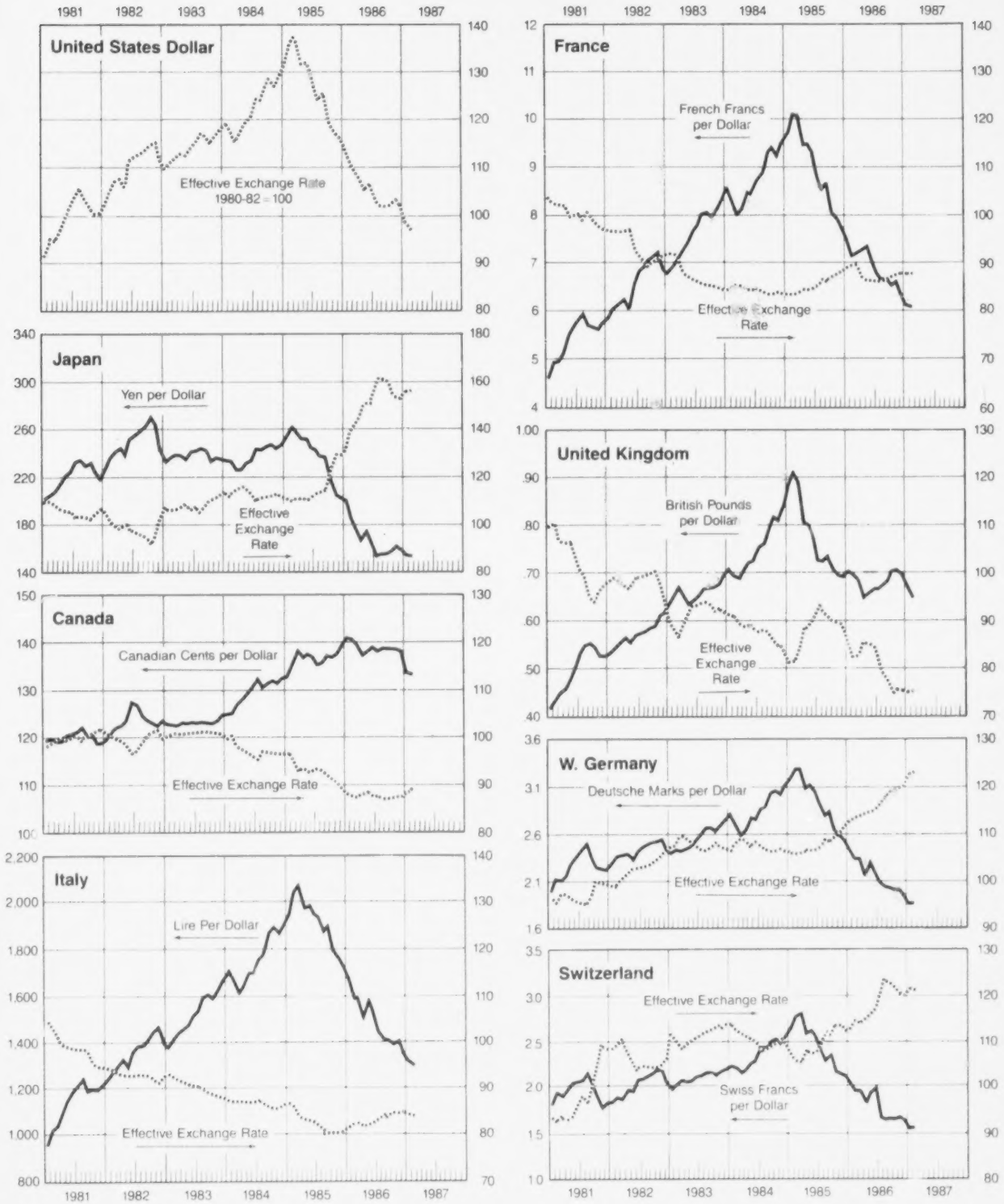
MERCHANDISE TRADE: VALUE OF EXPORTS

RAW MATERIALS PRICES



Foreign Exchange Rates

Indexes: 1980-82 = 100



Note: Nominal Effective Exchange Rates: index numbers 1980-82 = 100. Each index shows a currency's trade-using averages weighted appreciation measured against fifteen other major currencies of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

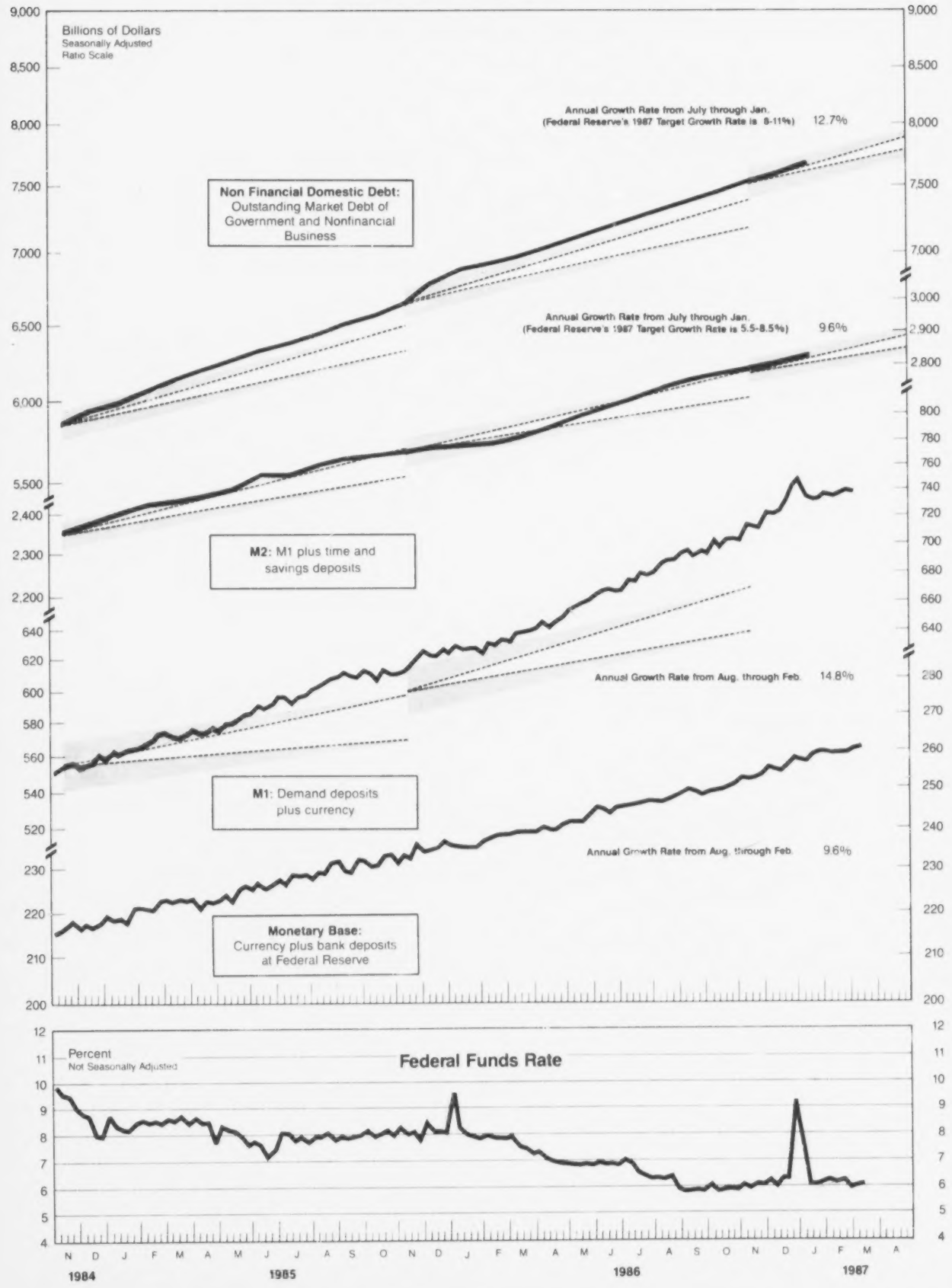
PERSPECTIVE ON THE FEDERAL BUDGET
(Billions of Current Dollars)

	Fiscal 1986	Fiscal 1987		Fiscal 1988
	Actual	Administration's Latest Estimate	Congress's Latest Estimte	Administration's Latest Estimate
		(1/5/87)	(8/4/86)	(1/5/87)
Receipts	**$769.1**	**$842.4**	**$852.4**	**$ 916.6**
Outlays	**989.8**	**1,015.6**	**995.0**	**1,024.3**
Deficit	**-220.7**	**-173.2**	**-142.6**	**-107.8**
Receipts by source	**$769.1**	**$842.4**	**$852.4**	**$ 916.6**
Individual income	349.0	364.0		392.8
Social security	283.9	301.5		333.2
Corporate income	63.1	104.8		117.2
Other receipts	73.1	72.1		73.4
Outlays by function	**$989.8**	**$1,015.6**	**$995.0**	**$1,024.3**
National defense	273.4	282.2	279.2	297.6
Social security	269.0	279.5	282.7	292.4
Income security	119.8	124.9	121.8	124.8
Health	35.9	39.7	38.3	38.9
Education & manpower	29.7	29.8	30.6	28.4
Veterans benefits	26.4	26.7	26.6	27.2
Transportation	28.1	27.0	25.9	25.5
Agriculture	31.4	31.1	23.5	26.3
International affairs	14.2	14.6	14.0	15.2
Natural resources	13.6	13.9	12.6	14.2
General science	9.0	9.5	8.9	11.4
Justice	6.6	8.3	7.2	9.2
General government	6.1	6.8	5.5	7.5
Community development	7.5	6.2	7.0	5.5
Commerce, Housing credit	4.4	9.3	2.1	2.5
Energy	4.7	3.8	3.5	3.3
Revenue sharing	6.4	1.9	2.8	1.5
Interest	136.0	137.5	143.7	139.0
Allowances	0.0	0.0	- 0.1	- 0.8
Offsetting receipts	- 33.0	- 37.1	- 40.3	- 45.4

ECONOMIC ASSUMPTIONS OF THE BUDGET

GNP				
Current Dollar	**$4,218.0**	**$4,493.0**	**$4,504.0**	**$4,836.0**
Constant (1982) Dollar	**3,681.0**	**3,794.0**	**3,810.0**	**3,928.0**
Percent change in				
Current dollar	5.5%	6.5%	6.8%	7.2%
Constant (1982) dollar	2.7	3.1	3.4	3.5%
Implicit price index	2.8	3.3	3.3	3.5
Consumer price index	1.6	3.0	3.3	3.6
91-Day T-bill rate	6.0	5.4	6.4	5.6
Unemployment rate	6.9	6.7	6.7	6.3

Money Supply and Monetary Growth Targets


Billions of Dollars
Seasonally Adjusted
Ratio Scale
Annual Growth Rate from July through Jan. (Federal Reserve's 1987 Target Growth Rate is 8-11%) 12.7%
Non Financial Domestic Debt: Outstanding Market Debt of Government and Nonfinancial Business
Annual Growth Rate from July through Jan. (Federal Reserve's 1987 Target Growth Rate is 5.5-8.5%) 9.6%
M2: M1 plus time and savings deposits
Annual Growth Rate from Aug. through Feb. 14.8%
M1: Demand deposits plus currency
Annual Growth Rate from Aug. through Feb. 9.6%
Monetary Base: Currency plus bank deposits at Federal Reserve
Percent
Not Seasonally Adjusted
Federal Funds Rate
N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A
1984
1985
1986
1987

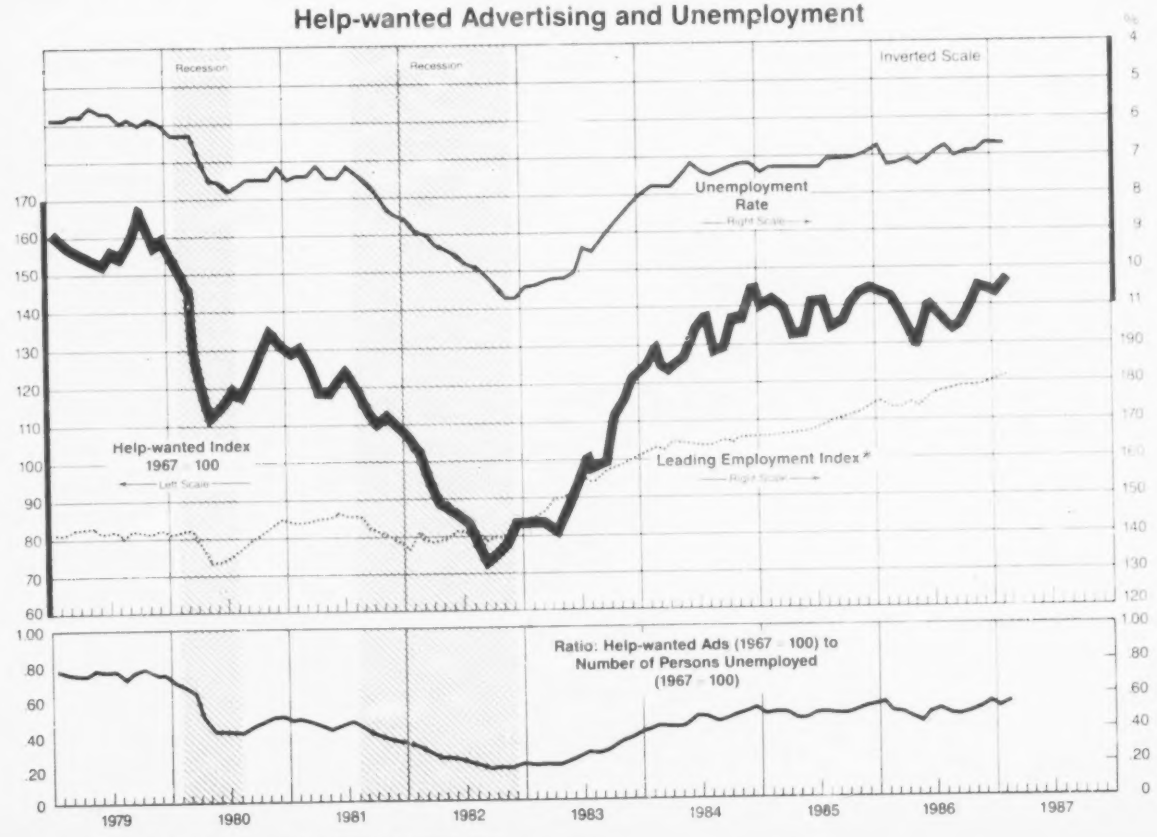
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

Seasonally Adjusted Indexes, 1967 = 100

Locality	1987 Jan.	1986 Dec.	1986 Nov.	1986 Jan.
National Index	142	144r	147	143
New England	165	168	179	156
Boston	168	164	184	162
Hartford	170	187	182	169
Providence	150	163	161	125
Middle Atlantic	78	82	85	73
Albany	189	175	190	173
Allentown	279	338	306	196
New York	56	58	64	56
Philadelphia	69	75	78	64
Pittsburgh	92	91	87	83
Rochester	91	94	90	91
Syracuse	N.A.	140r	145r	118
East North Central	92	102r	99	90
Chicago	98	113r	109	91
Cincinnati	148	185	151	163
Cleveland	59	65	65	60
Columbus	174	172	177	158
Dayton	75	79	84	84
Detroit	55	58	62	67
Gary	163	150	139	123
Indianapolis	101	117	117	88
Milwaukee	66	68	67	55
Toledo	126	127	128	130
West North Central	96	98	107	93
Kansas City	152	181	187	160
Minneapolis	81	79	88	71
Omaha	131	116	129	117
St. Louis	67	62	71	69
South Atlantic	201	202	206	191
Atlanta	267	263	281	287
Baltimore	270	254	233	219
Charlotte	188	171	175	161
Jacksonville	214	233	237	211
Miami	96	89	101	83
Richmond	137	147	137	128
Washington, D.C.	179	196	208	183
East South Central	173	152	147	174r
Birmingham	176	164	164	190r
Knoxville	249	233	213	212
Louisville	93	92	89	99
Memphis	143	120	119	128
Nashville	256	201	191	275
West South Central	159	165	161	221
Dallas	154	173	165	302
Houston	216	218	216	264
New Orleans	112	108	107	101
Oklahoma City	101	106	100	130
San Antonio	146	137	142	196
Tulsa	123	133	121	148
Mountain	288	297	297	316
Denver	194	84	180	206
Phoenix	411	405	447	458
Salt Lake City	296	346	313	330
Pacific	225	217	226	212
Los Angeles	159	148	158	156
Sacramento	465	419	434	399
San Bernadino	291	263	268	244
San Diego	523	531	496	485
San Francisco	210	214	235	203
Seattle	211	205	219	199
Percentage of papers with rising volume	47	45	86	47
Unemployment rate	6.7	6.7	6.9	6.8

Note: For definitions and method, see Noreen Preston, *The Help-Wanted Index* (New York: The Conference Board, 1977)
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



*Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1985 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1984	105.0	102.0	102.9	103.8	102.0	103.7	98.5	101.6	102.4	101.7	106.1	98.7
1985	103.0	104.0	98.0	101.0	96.6	100.0	101.2	99.6	98.9	99.3	98.7	99.8
1986	97.6	97.3	97.6	95.4	97.9	97.1	95.7	91.1	92.2	89.8	89.8	93.6
1987	86.0r	92.3p										

Buying Plans Index

1984	99.2	98.0	90.7	98.6	102.5	104.9	89.5	95.5	83.5	92.7	96.0	91.9
1985	100.7	98.7	98.4	97.4	89.5	96.3	93.1	98.4	107.3	110.3	101.2	108.8
1986	104.5	104.4	103.1	124.7	109.0	111.3	107.2	108.2	105.3	98.8	93.0	103.6
1987	98.9r	90.8p										

Confidence Index measures consumer optimism in appraising economic conditions. Buying plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

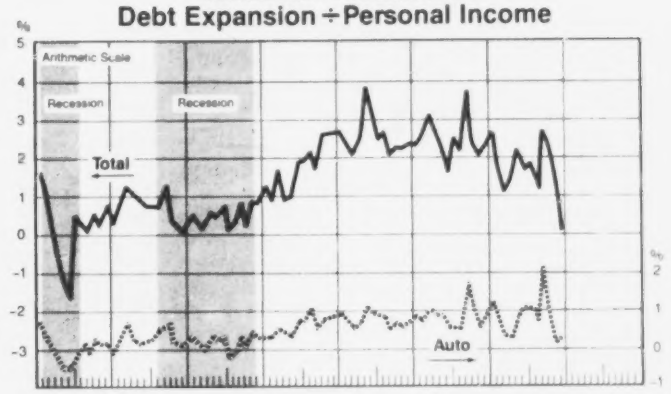
Surveys are conducted by National Family Opinion, Inc.

p—preliminary

Consumer Confidence and Expectations

ATTENTION PC USERS: All data in this publication plus extensive government statistics are available on cost-effective diskettes. For more information, contact Linette Waters at (212) 759-0900.

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales

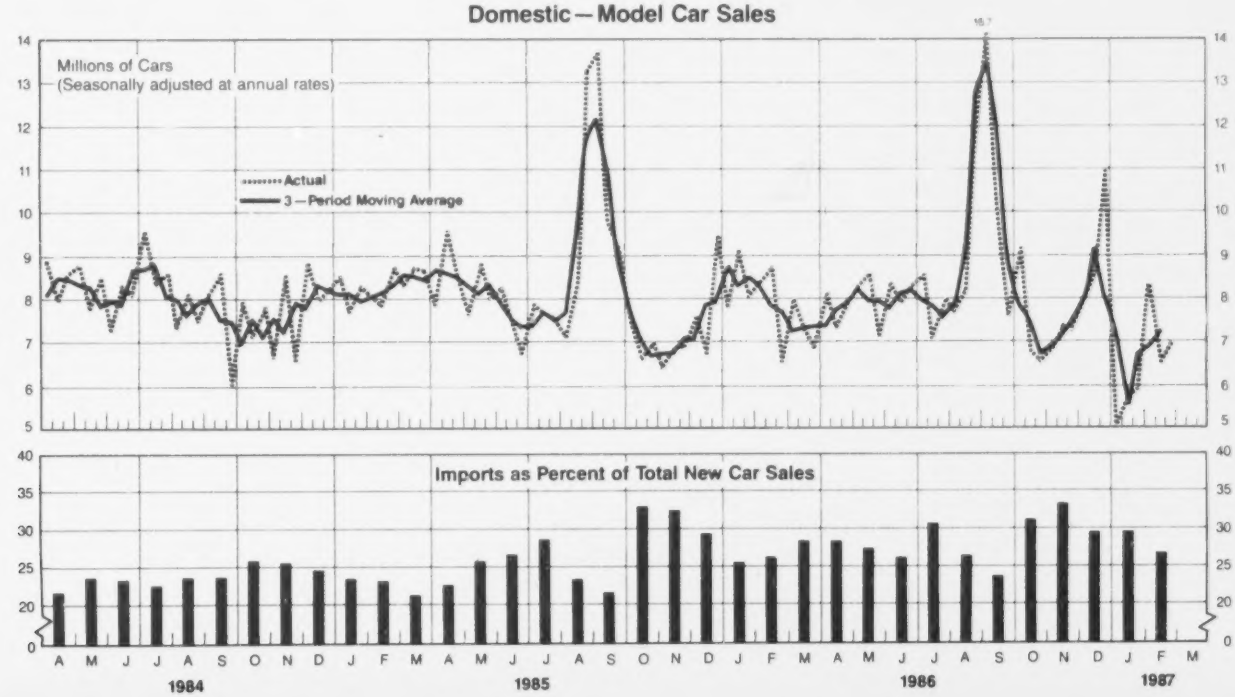
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1984	1985	1986	1987
January	1-10	8.16	8.46	7.76	4.78
	11-20	7.84	7.66	9.05	5.71
	21-31	9.15	8.23	8.02	5.95
February	1-10	7.79	8.01	8.36	8.26
	11-20	9.17	7.84	8.71	6.46
	21-28(29)	7.60	8.69	6.47	6.87
March	1-10	7.35	8.27	7.93	7.76
	11-20	8.13	8.73	7.23	
	21-31	7.35	8.67	6.81	
April	1-10	8.88	7.84	8.06	
	11-20	7.96	9.48	7.25	
	21-30	8.60	8.42	7.92	
May	1-10	8.19	7.60	8.30	
	11-20	7.74	8.78	8.57	
	21-31	8.43	7.96	7.09	
June	1-10	7.22	8.21	8.27	
	11-20	8.25	7.51	7.84	
	21-30	8.10	6.71	8.30	
July	1-10	9.51	7.81	8.50	
	11-20	8.32	7.63	7.03	
	21-31	8.59	7.57	7.96	
August	1-10	7.33	7.09	7.64	
	11-20	8.07	8.30	8.19	
	21-31	7.43	13.23	11.65	
September	1-10	8.13	13.64	18.67	
	11-20	8.52	9.70	9.87	
	21-30	6.03	9.10	7.58	
October	1-10	7.83	7.40	9.07	
	11-20	7.07	6.57	6.72	
	21-31	7.70	6.92	6.51	
November	1-10	6.60	6.40	6.80	
	11-20	8.44	6.81	7.32	
	21-30	6.57	6.91	7.23	
December	1-10	8.75	7.56	7.95	
	11-20	7.96	6.69	8.54	
	21-31	8.19	9.31	10.93	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic—Model Car Sales


Millions of Cars
(Seasonally adjusted at annual rates)
Actual
3—Period Moving Average
Imports as Percent of Total New Car Sales
A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M
1984
1985
1986
1987